



U. S. DEPARTMENT
OF TRANSPORTATION

**Federal Highway
Administration**

Bulletin

Subject

HIGHWAY FUNDING 1995 - 1998

Date

Total disbursements for highways are expected to exceed \$106 billion in 1998, an increase of 13.4 percent more than 1995, which is the latest year that final numbers are available. Total revenues used for highways or placed in reserves for highways are expected to reach \$109.6 billion in 1998. The difference (\$3.6 billion) will be placed in reserve - \$1.8 billion each for the Federal and State governments.

Total highway-user revenues of \$87.3 billion (motor fuel, motor vehicle taxes and fees and tolls) are anticipated in 1998 which would fund more than 82 percent of all highway disbursements in 1998. However, \$10.8 billion of highway-user revenues are destined for collection expenses, general government expenses, and other nonhighway uses, while \$7.7 billion will be used for mass transportation. Consequently, only 79 percent of taxes and fees charged to road users will be applied to the highway programs of Federal, State and local governments. Since more than one-fifth (21%) of highway-user revenues will be expended for nonhighway purposes, governments at all levels must apply a variety of non-user revenues for highway purposes. Non-user revenue sources include general funds, other specific taxes and fees dedicated to highway purposes, investment income, and bond proceeds. In addition, States are employing innovative financing techniques to finance highways, including infrastructure banks. These will play an increasing role in highway finance in the future.

Revenues to the Highway Account of the Federal Highway Trust Fund should total \$22.5 billion in FY 1998. This is \$2 billion more than in FY 1997. Effective October 1, 1997, as a result of the Taxpayer Relief Act of 1997 (TRA), the Highway Account of the Federal Highway Trust Fund (HTF) received the proceeds from 3.45 cents of the total 4.3 cents tax per gallon of motor fuel that had previously been dedicated to deficit reduction. The Highway Account also benefits from an increased level of diesel fuel tax collections. This influx of new revenue is expected to cause the balance of the Highway Account to grow from \$9.4 billion in 1995 to \$16.3 billion in 1998. The Taxpayer Relief Act of 1997 provides for some delay in the deposit of HTF revenues in FY 1998, otherwise the end-of-year balance would be somewhat higher.

Even though a full year's Federal authorization for FY 1998 has not yet been enacted, highway disbursements are not expected to be significantly effected in 1998. This is due principally to the fact that most current year disbursements result from prior year authorizations. FY 1999 disbursements would, however, be very materially reduced unless Federal re-authorization occurs. Capital expenditures are expected to rise to \$51.3 billion in 1998, accounting for over 48 percent of total highway expenditures. This is an increase of \$7 billion, or 16 percent, compared to 1995. State governments will be responsible for approximately 74 percent of the total, with capital expenditures of \$38.1 billion.

Based upon the latest available data, 30 percent of the State government capital expenditures will be for projects on the Interstate system, and 38 percent will be used on other principal arterials. An additional 22 percent will be for projects on other arterial and collectors, while 10 percent will be used for local roads. Of the amount expended by States on all arterials and collectors, 16 percent is expected to be used for new roads and bridges, 29 percent for other capacity improvements, 46 percent for system preservation, and 9 percent for operational and safety-related improvements.

Total funding for highways including receipts, intergovernmental payments, and disbursements for the years 1995 through 1998 are shown in the attached Table HF-10B.

Projected highway expenditures for 1998 are summarized as follows:

	<u>Millions</u>	<u>Percent</u>
Highway Capital Outlay	\$ 51,275	48.4
Highway Maintenance/Operation	27,478	25.9
Administration and Research	8,698	8.2
Law Enforcement and Safety	9,556	9.0
Interest	4,189	4.0
Bond Retirements	<u>4,825</u>	<u>4.5</u>
Total	\$106,021	100.0

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Attachments

FUNDING FOR HIGHWAYS, ALL UNITS OF GOVERNMENT, 1995-1998

TABLE HF-10B
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FEBRUARY 1997

(MILLIONS OF DOLLARS)

ITEM	1995 (FINAL)						1996 (PRELIMINARY)					
	FEDERAL GOVERNMENT			STATE AGENCIES AND D.C.	LOCAL GOVERNMENTS	TOTAL	FEDERAL GOVERNMENT			STATE AGENCIES AND D.C.	LOCAL GOVERNMENTS	TOTAL
	HIGHWAY TRUST FUND ACCOUNT	OTHER FUNDS AND ACCOUNTS 2/	TOTAL FEDERAL				HIGHWAY TRUST FUND ACCOUNT	OTHER FUNDS AND ACCOUNTS 2/	TOTAL FEDERAL			
DISPOSITION OF HIGHWAY-USER REVENUE BY COLLECTING AGENCIES												
Net Collections: 3/	18,829	11,531	30,360	51,043	2,587	83,990	22,034	9,768	31,802	53,560	2,790	88,152
Less: Amount for Nonhighway Purposes 4/	-	(9,339)	(9,339)	(5,467)	(121)	(14,927)	-	(7,142)	(7,142)	(7,598)	(137)	(14,877)
Less: Amount for Mass Transportation	(409)	(2,184)	(2,593)	(3,316)	(713)	(6,622)	(528)	(2,617)	(3,145)	(2,456)	(760)	(6,361)
Less: Amount for Collection Expenses 5/	-	-	-	(2,969)	-	(2,969)	-	-	-	(2,948)	-	(2,948)
Less: Amount for Territories 6/	(133)	(8)	(141)	-	-	(141)	(135)	(9)	(144)	-	-	(144)
Net Used for Highway Purposes	18,287	-	18,287	39,291	1,753	59,331	21,371	-	21,371	40,558	1,893	63,822
REVENUES USED FOR HIGHWAYS - BY COLLECTING AGENCIES												
Highway User Revenues	18,287	-	18,287	35,802	1,322	55,411	21,371	-	21,371	36,931	1,428	59,730
Motor-Fuel and Vehicle Taxes Tolls	-	-	-	3,489	431	3,920	-	-	-	3,627	465	4,092
Subtotal	18,287	-	18,287	39,291	1,753	59,331	21,371	-	21,371	40,558	1,893	63,822
Other Taxes and Fees	-	-	-	-	4,893	4,893	-	-	-	-	4,991	4,991
Property Taxes and Assessments	-	-	-	-	4,893	4,893	-	-	-	-	4,991	4,991
General Fund Appropriations	-	796	796	2,210	10,157	13,163	-	954	954	2,481	9,975	13,410
Other Taxes and Fees	-	220	220	2,052	1,404	3,676	-	213	213	2,112	1,418	3,743
Subtotal	-	1,016	1,016	4,262	16,454	21,732	-	1,167	1,167	4,593	16,384	22,144
Investment Income and Other Receipts	470	-	470	2,187	3,900	6,557	575	-	575	2,558	4,095	7,228
Total Current Income	18,757	1,016	19,773	45,740	22,107	87,620	21,946	1,167	23,113	47,709	22,372	93,194
Bond Issue Proceeds 7/	-	-	-	4,324	4,325	8,649	-	-	-	4,863	3,750	8,613
Grand Total Receipts	18,757	1,016	19,773	50,064	26,432	96,269	21,946	1,167	23,113	52,572	26,122	101,807
Intergovernmental Payments:	(17,742)	-	(17,742)	17,432	310	-	(17,998)	-	(17,998)	17,659	339	-
Federal Highway Trust Fund	(17,742)	-	(17,742)	17,432	310	-	(17,998)	-	(17,998)	17,659	339	-
Other Federal Funds	-	(707)	(707)	359	348	-	-	(875)	(875)	575	300	-
State Highway-User Imposts	-	-	-	(9,188)	9,188	-	-	-	-	(9,301)	9,301	-
Other State Funds	-	-	-	(1,695)	1,695	-	-	-	-	(1,636)	1,636	-
Local Government Funds	-	-	-	1,167	(1,167)	-	-	-	-	1,256	(1,256)	-
Subtotal	(17,742)	(707)	(18,449)	8,075	10,374	-	(17,998)	(875)	(18,873)	8,553	10,320	-
Funds Drawn from or Placed in Reserves 8/	77	1	78	(1,158)	(1,711)	(2,791)	(2,659)	(2)	(2,661)	(1,416)	428	(3,649)
Total Funds Available	1,092	310	1,402	56,981	35,095	93,478	1,289	290	1,579	59,709	36,870	98,158
DISBURSEMENTS FOR HIGHWAYS - BY EXPENDING AGENCIES												
Capital Outlay	-	-	-	30,550	-	30,550	-	-	-	32,229	-	32,229
On State-Administered Highways	-	-	-	30,550	-	30,550	-	-	-	32,229	-	32,229
On Locally Administered Roads	-	-	-	1,950	11,420	13,370	-	-	-	2,045	11,877	13,922
Not Classified by System	229	79	308	-	-	308	263	105	368	-	-	368
Subtotal	229	79	308	32,500	11,420	44,228	263	105	368	34,274	11,877	46,519
Maintenance and Traffic Services	-	-	-	10,359	-	10,359	-	-	-	11,000	-	11,000
On State-Administered Highways	-	-	-	10,359	-	10,359	-	-	-	11,000	-	11,000
On Locally Administered Roads	-	-	-	46	13,845	13,891	-	-	-	56	14,676	14,732
Not Classified by System	-	69	69	-	-	69	5	66	71	-	-	71
Subtotal	-	69	69	10,405	13,845	24,319	5	66	71	11,056	14,676	25,803
Administration and Research	863	162	1,025	4,812	2,582	8,419	1,021	119	1,140	4,794	2,711	8,645
Highway Law Enforcement and Safety	-	-	-	4,412	3,806	8,218	-	-	-	4,816	3,958	8,774
Interest on Debt	-	-	-	2,255	1,555	3,810	-	-	-	2,274	1,648	3,922
Total Current Disbursements	1,092	310	1,402	54,384	33,208	88,994	1,289	290	1,579	57,214	34,870	93,663
Bond Retirements 7/	-	-	-	2,597	1,887	4,484	-	-	-	2,495	2,000	4,495
Grand Total Disbursements	1,092	310	1,402	56,981	35,095	93,478	1,289	290	1,579	59,709	36,870	98,158

FUNDING FOR HIGHWAYS, ALL UNITS OF GOVERNMENT, 1995-1998

TABLE HF-10B
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FEBRUARY 1997

(MILLIONS OF DOLLARS)

ITEM	1997 (ESTIMATED)						1998 (FORECAST)					
	FEDERAL GOVERNMENT			STATE AGENCIES AND D.C.	LOCAL GOVERNMENTS	TOTAL	FEDERAL GOVERNMENT			STATE AGENCIES AND D.C.	LOCAL GOVERNMENTS	TOTAL
	HIGHWAY TRUST FUND ACCOUNT	OTHER FUNDS AND ACCOUNTS 2/	TOTAL FEDERAL				HIGHWAY TRUST FUND ACCOUNT	OTHER FUNDS AND ACCOUNTS 2/	TOTAL FEDERAL			
DISPOSITION OF HIGHWAY-USER REVENUE BY COLLECTING AGENCIES												
Net Collections: 3/	20,509	10,296	30,805	55,825	2,875	89,505	22,549	3,968	26,517	57,792	2,950	87,259
Less: Amount for Nonhighway Purposes 4	-	(7,021)	(7,021)	(6,955)	(144)	(14,120)	-	(444)	(444)	(6,955)	(148)	(7,547)
Less: Amount for Mass Transportation	(640)	(3,265)	(3,905)	(2,582)	(776)	(7,263)	(750)	(3,509)	(4,259)	(2,657)	(797)	(7,713)
Less: Amount for Collection Expenses 5/	-	-	-	(3,105)	-	(3,105)	-	-	-	(3,213)	-	(3,213)
Less: Amount for Territories 6/	(129)	(10)	(139)	-	-	(139)	(130)	(10)	(140)	-	-	(140)
Net Used for Highway Purposes	19,740	-	19,740	43,183	1,955	64,878	21,669	5	21,674	44,967	2,005	68,646
REVENUES USED FOR HIGHWAYS - BY COLLECTING AGENCIES												
Highway User Revenues	19,740	-	19,740	39,357	1,466	60,563	21,669	5	21,674	40,973	1,504	64,151
Motor-Fuel and Vehicle Taxes	-	-	-	3,826	489	4,315	-	-	-	3,994	501	4,495
Tolls	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	19,740	-	19,740	43,183	1,955	64,878	21,669	5	21,674	44,967	2,005	68,646
Other Taxes and Fees	-	-	-	-	5,040	5,040	-	-	-	-	5,100	5,100
Property Taxes and Assessments	-	856	856	2,500	10,549	13,905	-	894	894	2,500	10,454	13,848
General Fund Appropriations	-	256	256	2,000	1,400	3,656	-	262	262	2,100	1,400	3,762
Other Taxes and Fees	-	1,112	1,112	4,500	16,989	22,601	-	1,156	1,156	4,600	16,954	22,710
Subtotal	-	-	-	-	22,601	22,601	-	-	-	-	-	-
Investment Income and Other Receipts	680	-	680	2,125	4,440	7,245	770	-	770	2,611	4,750	8,131
Total Current Income	20,420	1,112	21,532	49,808	23,384	94,724	22,439	1,156	23,595	52,178	23,709	99,487
Bond Issue Proceeds 7/	-	-	-	5,200	4,135	9,335	-	-	-	5,600	4,549	10,149
Grand Total Receipts	20,420	1,112	21,532	55,008	27,519	104,059	22,439	1,161	23,600	57,778	28,258	109,636
Intergovernmental Payments:	(18,362)	-	(18,362)	18,016	346	-	(19,515)	(5)	(19,520)	19,148	372	-
Federal Highway Trust Fund	-	(829)	(829)	508	321	-	-	(854)	(854)	529	325	-
Other Federal Funds	-	-	-	(9,658)	9,658	-	-	-	-	(9,998)	9,998	-
State Highway-User Imposts	-	-	-	(1,650)	1,650	-	-	-	-	(1,665)	1,665	-
Other State Funds	-	-	-	1,325	(1,325)	-	-	-	-	1,375	(1,375)	-
Local Government Funds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	(18,362)	(829)	(19,191)	8,541	10,650	-	(19,515)	(859)	(20,374)	9,389	10,985	-
Funds Drawn from or Placed in Reserves 8/	(942)	-	(942)	(888)	-	(1,830)	(1,792)	-	(1,792)	(1,823)	-	(3,615)
Total Funds Available	1,116	283	1,399	62,661	38,169	102,229	1,132	302	1,434	65,344	39,243	106,021
DISBURSEMENTS FOR HIGHWAYS - BY EXPENDING AGENCIES												
Capital Outlay	-	-	-	34,093	-	34,093	-	-	-	35,795	-	35,795
On State-Administered Highways	-	-	-	2,177	12,350	14,527	-	-	-	2,285	12,800	15,085
On Locally Administered Roads	275	105	380	-	-	380	280	115	395	-	-	395
Not Classified by System	275	105	380	36,270	12,350	49,000	280	115	395	38,080	12,800	51,275
Subtotal	275	105	380	36,270	12,350	49,000	280	115	395	38,080	12,800	51,275
Maintenance and Traffic Services	-	-	-	11,523	-	11,523	-	-	-	11,943	-	11,943
On State-Administered Highways	-	-	-	60	15,160	15,220	-	-	-	65	15,400	15,465
On Locally Administered Roads	3	66	69	-	-	69	2	68	70	-	-	70
Not Classified by System	3	66	69	11,583	15,160	26,812	2	68	70	12,008	15,400	27,478
Subtotal	3	66	69	11,583	15,160	26,812	2	68	70	12,008	15,400	27,478
Administration and Research	838	112	950	4,834	2,751	8,535	850	119	969	4,880	2,849	8,698
Highway Law Enforcement and Safety	-	-	-	5,030	4,126	9,156	-	-	-	5,283	4,273	9,556
Interest on Debt	-	-	-	2,336	1,719	4,055	-	-	-	2,388	1,801	4,189
Total Current Disbursements	1,116	283	1,399	60,053	36,106	97,558	1,132	302	1,434	62,639	37,123	101,196
Bond Retirements 7/	-	-	-	2,608	2,063	4,671	-	-	-	2,705	2,120	4,825
Grand Total Disbursements	1,116	283	1,399	62,661	38,169	102,229	1,132	302	1,434	65,344	39,243	106,021
<p>1/ This table contains a mixture of calendar and fiscal year data.</p> <p>2/ Includes the Mass Transit Account of the Highway Trust Fund. Also includes FHWA activities funded by general funds and all other agencies and funds that make appropriations for highways or that receive highway-user revenues.</p> <p>3/ Represents gross receipts less refunds and loss allowances.</p> <p>4/ Amount in Federal Government column represents net collections less transfers to the Highway and Mass Transit Accounts of the Highway Trust Fund. Due to timing differences between collections and transfers to the Highway Trust Fund, the amount will not correspond exactly to distributions for deficit reduction and for the Leaking Underground Storage Tank (LUST) Fund</p> <p>5/ Includes only those collection and administrative costs paid from motor-fuel and motor-vehicle tax receipts. Operational costs of toll facilities are reported as traffic services. Federal collection expenses are excluded since they are paid for by the General Fund. Local expenses are excluded, because local motor-fuel and motor-vehicle revenue data are reported net of collection expenses.</p> <p>6/ Amounts shown represent Federal payments to territories, and Federal expenditures in territories for highways and mass transit.</p> <p>7/ Proceeds and redemptions of short-term notes and refunding issues are excluded</p> <p>8/ Negative numbers indicate that funds were placed in reserves</p>												